

~~CONFIDENTIAL~~~~SECRET~~

111-8717

Aug. 8-1015

17 SEP 1958

Chief, Procurement Division, OL

Chief, Engineering Division, OC

FORWARDED TO
ENGINEERING DIVISION

Increase in Cost, Contract RD-71

1. Under the terms of Contract RD-71, the [redacted] 25X1
has developed the RR/AA-11 and RR/BB-11 miniature transistor re-
ceivers, delivery of which was completed in December 1957. A recent
financial review by the contractor has revealed that costs incurred
under this program exceeded the contract maximum by \$1,016.86. As
explained in the attached letter from the contractor, this over-
expenditure was due to an unanticipated increase in material and
subcontract costs.

2. It is requested that action be taken to amend Contract RD-71
to cover this increase in cost. Attached is Requisition No. HSB 59-129
indicating that the allotment to be charged for this overrun is
7/7995-50. Funds in the amount of \$1,016.86 have been encumbered for
this project.

25X1

Attachments:

- 1) Requisition No. HSB 59-129
- 2) Letter from Contractor dated 4 September 1958

OC-E/R&D-EP/WJS:wlj
cc: R&D Subject File

(15 September 1958) COORDINATION:

OC-A
OC-P
OC-E Chrono
R&D Chrono
EP Chrono

[Signature]
R&D
OC-E
[Signature]
OC-A
OC-E

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25X1

September 4, 1958

Subject: Contract H-2026, Request for Overrun Funds

Enclosure: (1) H-2026 Cost Analysis (4 copies)

Gentlemen:

The subject contract has been completed and a financial analysis has been made. As a result of this analysis, it has been revealed that costs incurred have exceeded the contract allowable of \$215,455.33, less Fixed Fee by \$1,016.86.

As you will note by our accompanying cost analysis, enclosure (1), the primary reason for increased costs was the unanticipated increase in material costs. These increases in material costs were the result of more expensive miniatures; such as, on-off switches, band-switches, etc.,. In addition, the Tuner Development Subcontract to [redacted], which is reflected in our material costs, was of greater cost than initially anticipated.

25X1

As a consequence, the [redacted] hereby requests an amendment to the subject contract increasing the total cost by \$1,016.86.

25X1

Very truly yours,

25X1

[redacted]
Government and Industrial Division

25X1

[redacted]
Sales Engineer

VS:vlp

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25X1

[REDACTED]
Government and Industrial Division

Cost Analysis

[REDACTED] Contract H-2026

25X1

<u>Description</u>	<u>Costs Incurred at 8/3/58</u>	<u>Allowable</u>	<u>Difference</u>
Labor	\$80,524.43	\$ 90,923	\$10,398.57
Burden	69,578.00	75,745	6,167.00
Overtime Premium	219.36	1,775	1,555.64
Material	39,060.48	27,302	(11,758.48)
Travel	526.08	1,234	707.92
Services	13,514.84	4,958	(8,556.84)
Facilities	685.00	-----	(685.00)
G & A	12,364.00	13,518.33	1,154.33
Total	216,472.19	215,455.33	(\$ 1,016.86)

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